

A WORK PROJECT, PRESENTED AS PART OF THE REQUIREMENTS FOR THE AWARD OF A MASTER  
DEGREE IN MANAGEMENT FROM THE NOVA – SCHOOL OF BUSINESS AND ECONOMICS

**HOW CAN PT EFFICIENTLY AND EFFECTIVELY ALIGN ITS E-MAIL AND SMS  
MARKETING EFFORTS TO DRIVE CHANNEL MIGRATIONS TO ONLINE TOUCHPOINTS?**

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FIELD LAB – PORTUGAL TELECOM



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## **Abstract**

This work studies the current Portugal Telecom's Customer Journey, exploring opportunities to do channel migrations into online touchpoints by using E-mail and SMS as tools, as a way to be more efficient. In-depth interviews were conducted to access PT's strategic aim, and 913 persons were surveyed about their path when contacting the company and its competitors. Statistical evidence was found for differences between the telecommunications operators in the use of some touchpoints, mainly Word-of-Mouth and the Call-Center. Furthermore, some other online touchpoints were found to be not leveraged in PT's strategy. Recommendations and best practices are presented to perform the changes suggested, targeting the use of E-Mail to acquire new customers, the increase of the online selling channel weight, the opportunities of using Word-of-Mouth to create awareness and loyalty, the migration of the post-purchase services to online channels and the use of SMS to communicate relevant contents.

## **Keywords**

Channel Migrations, E-mail, SMS, Customer Journey, Touchpoints, Digital Marketing, Portugal Telecom

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## **Introduction**

This work project was realized as part of the requirements for the award of Masters in Management from the NOVA – School of Business and Economics. It was developed in the context of a Field Lab work in partnership with Portugal Telecom, proposed and oriented by professor Elizabete Cardoso, and presented the challenge of improving the company's E-mail and SMS marketing strategies, so that they become more efficient and effective. The company was founded in 1994 as a unique national telecommunications provider, and for several years was submitted to a privatization process that ended in the year 2000. With the renewed name of Portugal Telecom SGPS, it shifted its purpose to act as a holding company, nowadays detaining several brands such as PT Empresas, MEO and SAPO. During its growth history, Portugal Telecom has always been in the forefront of disruptive technologies in the telecommunications sector, not only in Portugal but in an international scale, providing fixed, mobile, multimedia, data and corporate services. Few months before the beginning of this project, on June of 2015, the company was acquired by the Altice Group, suffering a restructuration of which effects are still visible at the date of this work, as the company was forced to be more efficient. Additionally, new technologies at consumer's disposition are being developed at an outstanding pace, reinventing the ways of contacting one company and positioning the Customer's Journey as a way of creating competitive advantages. These opportunities are vital to capture market-share from competitors, since Portugal Telecom is part of an extremely competitive oligopoly. In this context, this individual work focus on giving Portugal Telecom valuable recommendations and best practices to be more efficient, by performing channel migrations into online touchpoints, proven by literature to bare less costs. The work uses the same scope as the Field Lab in which is inserted, leveraging E-mail and SMS as tools to perform the channel migrations mentioned.

## Literature Review

New technologies at consumer's disposition have come to revolutionize the way people contact with a product or brand during its *Customer Journey* - the process through which customers engage to gain awareness, gather information, purchase and contact with company offerings, either if they are commodities, goods, services or experiences (Norton & Pine II, 2013). New digital channels have been developed in the last few years, having a major role in this digital transformation as they provide new communication abilities and constant online connectivity (Straker, Wrigley, & Rosemann, 2015). These technology-based platforms are distinguished by using internet to connect with customers, providing diversified content and purposes. They make communications easier, through different interactions levels (Straker et al., 2015). Smartphones, that leveraged mobile channels and apps, have had a special focus and have been considered a disruptive change (Rigby, 2011). The Multi-channel concept developed by some authors such as Neslin et al. (2006) that embodies the multiple contact that a customer has with different touchpoints for each of its Customer Journey phases is becoming incomplete, as we are now living in the era of Omni-channel communications, a concept developed in the paper of Verhoef, Kannan, & Inman in 2015. The authors consider that the main differences to the existing multi-channel concept are the inclusion of considerably more touchpoints and the fact that the distinctions between channels become blurred due to the interactions between them. Interactive channels are becoming integrated with traditional mass advertising, as Vodafone – Portugal Telecom's competitor – is doing by developing apps that interact with customers during television shows (Verhoef et al., 2015). Still, an omni-channel strategy could not be pursued only by broadening the scope of channels but also by considering and integrating the customer-brand-retail-channel interactions. In this new context, it is essential to gather customer insights to base sales and marketing strategies. Digital

technologies have turned data into a critical question as e-commerce channel is exponentially growing, and are making it much easier for customers to research about product specifications and prices (Fulgoni, 2015). Given this, many companies are focusing their marketing strategies on online advertising to influence decision making across all channels, despite the fact that some companies still think that this strategy will only have impact on online sales (Fulgoni, 2015). Some reverse situations can also happen: “Showrooming” is becoming an important trend, as people use physical stores to feel and try the products, buying them later online due to cheaper prices (Fulgoni, 2015).

Studies have shown that these changes have significant impacts on company’s competitive strategies (Brynjolfsson, Hu, & Rahman, 2013). One line of research is trying to understand in what extent this is happening and what are the main difficulties in companies facing these challenges (Parent, Plangger, & Bal, 2011; Schultz & Peltier, 2013). The last paper claims that the main problem practitioners find is not in developing the initiatives, but making them engaging and valuable to their customers. David Stone & David Woodcock (2014) suggest that this is happening because companies have not adapted to this new technological tools, using them as they use traditional marketing channels – independently and disconnectedly. On the other hand, companies managing their way through this new context are becoming information-intensive, since they are leveraging this information to make better strategic decisions (Dusek, 2008). Portugal Telecom, as a telecommunications operator, is expected to be at the forefront of the implementation and use of new technologies and best practices when defining and understanding its *Customer’s Journey*. The supply of Internet, Television and Telephone services along with the selling of equipment can attribute some complexity in the customer’s path, in a time where customers are not interested in any process which is not simple, quick and intuitive. As the company is part of an extremely competitive oligopoly, every opportunity should be leveraged in order to create a competitive

advantage that allows the company to attract and engage more customers. Competing on customer journeys could, therefore, assume a vital importance, if four key capabilities are mastered: automation, proactive personalization, contextual interaction and journey innovation (Singer & Edelman, 2015). Automation refers to the digitalization of previous manual processes, used in Portugal Telecom in situations such as automatically sending order confirmations done in the website. The company also implemented some proactive personalization when leveraging automatic information gathered in previous or current interactions with customers to adapt offerings or communications to the specific customer needs through E-mail. Still, this personalization can be made through any other touchpoint. Contextual interaction occurs when there is knowledge about a customer's position in the buying process, using timely communications to lead him to the next phase or action. At last, journey innovation assumes a tremendous importance as it is the capability that allows a company to be aware of the customer needs and technologies available to improve the *Customer's Journey* and create value for both the customer and company. It is also important that the touchpoints included in the company's strategy involve customer-to-customer interactions through social media or peer-to-peer communications (Hennig-Thurau et al., 2010).

Digital *Customer Journeys* can also turn into a competitive advantage due to their efficiency. In the past few years, some authors have made efforts to explain the financial impacts of having customers to interact with a company online, as it was generalized between popular press that online channels increased profitability (Gensler, LeeFlang, & Skiera, 2012). Yet, a research made on this topic found that, contrarily to common sense, online usage increases cost-to-serve. This is due to two major points: the "substitution effects" between channels and the "augmentation effects". While the first is explained by short-run costs on implementing new digital touchpoints,

the second may happen when customers increase their use of offline channels motivated by a more frequent interaction with the company in the online channels. The “volume effect”, or saturation of a touchpoint, also contributes to these findings (Campbell & Frei, 2010). Gensler et al., (2012) proposed an improvement to this paper, controlling the results for self-selection effects (eg.: differences in age). Their findings show different results, as they claim that costs-to-serve are reduced when companies use online channels. Furthermore, they elaborate on the impact on a company’s profitability seen by the revenue perspective, and suggest a positive effect. These results are aligned with some other authors (Kumar & Venkatesan, 2005; Thomas & Sullivan, 2005). Accordingly to these researches, the rise of digital touchpoints discussed above opened a high number of opportunities to companies competing on the efficiency of the design of its *Customers Journeys*. For Portugal Telecom, this subject gained a renewed importance as the company is facing a restructuring that is expected to contribute for a healthy financial condition, as a consequence of their acquisition by the Altice Group on June 2015. The efficiency of the contact with customers can play a major role in Portugal Telecom’s cost reduction strategies, along with the competitive advantage mentioned above.

In the sequence of the cost-reduction researches presented, everyday more companies use channel migration strategies to induce customers to be autonomous when seeking information, ordering products and solving problems in the time needed, as it is the case of British Telecom (Payne & Frow, 2004). Some evidences have been found to support these strategies, such as one study from Ansari, Mela, & Neslin (2008) stating that Internet interactions decrease the likelihood of customers using the company’s call center or visit the store. Other authors, such as Reinders, Dabholkar, & Frambach (2008) or Thomas & Sullivan (2005) have given some insights on how these strategies can be effectively conducted, but still more research is needed on this topic.

Portugal Telecom's UTDO Department (Digital and Online Transformation Unity) is also developing efforts to influence their customers' post-purchase behaviors, sending them E-mails and SMS stating the benefits of using online channels to gather information and clear doubts on products consumption and billing. Nonetheless, evidence was found to support that obligating customers to switch channel can have opposite consequences to the strategic objectives defined, making the company lose revenue (Thomas & Sullivan, 2005). Thus, the value perceived by customers should not be reduced during this transition process, and these new solutions should address real customer needs. To do so, Butaney & Wortzel (1988) stated the importance of considering the nature of each channel – how it works, the main advantages and weaknesses - and have in consideration customer preferences. In fact, one of the most important factors in having a good channel architecture is integrating them along the different phases of the *Customer Journey*. It is imperative that an individualized relationship arises so that the customer can develop a long-term relation by gaining trust, while navigating along different channels, picking up the conversation in the point where he left off (Peppers, Rogers, & Dorf, 1999).

## **Methodology**

In order to find opportunities for Portugal Telecom to drive channel migrations using E-mail and SMS, three aspects were considered: the company's strategic aim, to make sure this work's recommendations are aligned with the company's objectives, the analysis of the touchpoints MEO's customers are using when compared to its competitors, and some best practices concerning the use of E-mails, SMS and touchpoints for each step of the Customer Journey. The interception between the three factors empowered the work to make valuable and accurate recommendations.

Portugal Telecom's strategic aim was collected by doing in-depth interviews to key members in the UTDO department. The interview guide can be found in Appendix 1. This method allowed



the gathering of qualitative data. As its purpose was not to collect the worker's behavior or opinions, but insights on the way the company runs, a direct approach was used. Given this, all the people interviewed knew the purpose of this method and received the interview guide before the interview so that they could better prepare their answers, despite possibly losing the spontaneity of the responses. The interview followed a dynamic structure so that a conversation arises, with follow-up questions to cover misunderstandings or incomplete information. This method brings advantages when compared with a focus group, since respondent's opinions are not influenced by others and they can freely give their insight without concerns on the others' reactions. Nevertheless, the answers may be influenced by the interviewer (Malhotra, 1999).

To understand the channels that PT's customers are using to get in touch with the company during its Customer Journey, an online survey was developed. This quantitative method was chosen since it can use statistics and test hypothesis to generate relevant findings. In addition, this method was preferred over behavior observation since the latter would be time consuming, expensive, potentially biased by the observer and, ultimately, impossible to apply in digital touchpoints. The survey overview can be consulted in Appendix 2, and sample characteristics may be consulted in Appendix 3. This research aimed to understand if there are significant differences between the way customers are using the available touchpoints to contact Portugal Telecom and the main Portuguese telecommunications service providers – NOS and Vodafone. The survey was elaborated in partnership with PT's market studies division, and it was self-administrated – spread through social media and E-mail networks during one week in November. Although there are disadvantages in this method, such as the complete response rate (69%) and the quality of the answers, it was possible to reach more and differentiated people with fewer costs. Also, this method is easier to implement in comparison with other quantitative methods, since the online survey is self-

administered. Nevertheless, and despite the efforts made to use a simple sample technique drawing from the population that used telecommunication operator's services or products, the survey may face non-probability sampling as some virality was induced in its spreading, creating a snowball effect. Efforts were made to reach different contact networks and groups, and some limitations were overcome due to the considerable number of answers obtained. As the survey captures the concept it is supposed to measure there are no validity problems, and as the measures were correctly registered, reliability issues are also overcome. Altogether, our enquiry had a total of 1322 respondents and 913 complete responses – the number used to extract data and meaningful conclusions, as all the incomplete answers were eliminated from the database. In order to obtain better and targeted conclusions, the analysis was divided on three types of products and services based on a trigger question (Question 2).

A Multivariate Analysis of Variance (MANOVA) was conducted to test whether being customer of a different operator (categorical variable) led to differences in the touchpoints used in different phases of the Customer Journey, measured by binominal (ratio) variables. To better access differences, pair-wise comparisons were made between MEO's results and the two main competitors: Vodafone and NOS. Answers from Cabovisão or "Other operator" customers' were excluded since they did not have sufficient representation to provide meaningful conclusions. The SPSS statistical program was used, and the output can be seen in the Appendix 5. Under the null hypothesis of existing no differences in the percentage of a determined touchpoint usage between MEO's customers and its competitors, the confidence level used was 95%. The responses were coded and some data editing was made. In few cases, some answers were recovered as they came from MEO's or competitor's customers and were registered in the "Other operator" field. All the questions had a mandatory character and missing data only occurs on the questions about the usage

of touchpoints in a pre-purchase phase, as respondent's answers that did not participate in the decision process were not considered.

At last, three types of data were collected: PT's internal documents, scientific data and secondary data. The last two had the purpose of accessing best practices in the use of E-mail and SMS that can be used as tools to perform channel migrations. A documentary analysis to determine if Portugal Telecom has been developing some of these strategies was carried, and 266 specific E-mails of the year 2015 were analyzed, categorized and grouped in 33 types. These E-mails represent a universe of 20.665.004 E-mails sent. As primary data, scientific articles and papers were used resorting to the University's library. Nevertheless, as E-mail and SMS marketing strategies are a very dynamic area of study, constantly changing due to new technologies and changes in customer's preferences, secondary data was used to fill some gaps that were not mentioned by articles or papers. The analysis of this external data, along with the assessment of touchpoint usage in PT and Portuguese main telecommunications operators, and its confrontation with PT's strategic aim, empowered this work the ability to identify gaps and analyze them in order to provide tailored recommendations.

## **Discussion of Results**

### **Portugal Telecom's strategic aim**

One of this work's main concerns was to be certain that the recommendations provided are aligned with PT's strategic aim. For this purpose, in-depth interviews were developed with company members working on different areas of the UTDO Department (see Appendix 1 for the interview guide). When analyzing the answers, the first thing to notice is that most of the statements are aligned with the same goals, which makes it easier for the analysis to extract valid and

meaningful conclusions. Almost all the members interviewed agreed that it is vital for PT to be financially efficient, meaning that the costs incurred for the company's activity should be minimized – in one worker's words "there is no room for inefficiencies". It is clear for the interviewees that the strategy of the UTDO Department itself is key to help the company achieving this efficiency mentioned. A big focus of the department is currently converting offline channels into online, reducing the physical contact between the company and its customers and consequently the costs. One other worker believes that "having customers contacting the offline channels costs a lot to the company", and aims to reduce this contacts from 65% to 40%. Furthermore, this online mentality is present in all the department, as it is expected. Not only it is believed that machines are cheaper than humans, but also that they fail much less, and so human interaction should be minimized "as it brings advantages to both the company and the customer". Another point to consider is the will to increase the database size for past and potential customers. In other worker's words, "PT does not have many data on about 3 million of past customers, and now it is very hard to get their E-mail addresses". Given this, the analysis of PT's strategic aim empowers this work to influence the Customer Journey along its different phases to be increasingly digital, reducing physical contact, creating automatic support mechanisms and gaining insights about potential and past customers to improve PT's database. Bearing this in mind, a phase-by-phase approach can give an insight about what would be the ideal touchpoints for each of the six phases of the company's Customer Journey – Awareness of new products and services, Consideration, Evaluation, Purchase, Post-Purchase and Loyalty & Advocacy – in the sense that they would incorporate the strategies mentioned above. Word-of-mouth was removed from this analysis since it is an obvious objective for each phase, as it is advantageous that people comment and share their thoughts on the company throughout its life cycle. PT is actually creating awareness on a new product or service using multiple touchpoints, from offline to digital, but there are some

opportunities to do it in a more efficient way using touchpoints that bare less costs. E-mail (one of the most efficient marketing tools (Econsultancy, 2014)), Online browsing and Social Media communications should be maximized. Digital Marketing can also add value in this phase. PT's most efficient way of targeting someone who has developed a need for a specific product or service and is considering his hypothesis, by preliminarily eliminating some alternatives, is through being present when he is browsing online or in the Social Media. People will evaluate PT's products and services through multiple touchpoints, to make sure they gather all the information and make the best choice. In this stage, price and features comparisons occur often since a more detailed analysis is made by potential customers. It is PT's responsibility to influence where these evaluations are made in order to develop the most efficient touchpoints. This phase is also vital so that PT can extract some insights about these potential customers, increasing its database. In this way, E-mail, presence when people browse the internet, Social Media and the Website play a major role. When buying, costs can be reduced if a customer purchases through the Website instead of using the traditional channels, such as the Physical Store or the Call Center. As it is key to reduce the human interaction between the company and the customer throughout its usage experience, people being able to self-clarify their doubts whenever it is possible in a Post-purchase phase becomes essential. In this sense, making customers use the Website or the TV service – for those who have it – to do so, instead of using the Call Center or visiting the Physical Store, is key, as studies show that a company can reduce in 25% to 30% its call volume by having an appropriate customer journey management (NICE Systems, 2015). Also, some more data about the customers can be gathered in this moment. The touchpoints that allow the customer to become engaged with the brand and recommend it to peers, in the Loyalty and Advocacy phase, are multiple. Again, as in the Awareness of new products and services phase, the E-mail proves to be very efficient, followed by Social Media and Word of Mouth. Nevertheless, as the customer has done at least a purchase in

this period, data has been collected so that some more efficient means to contact him arise. Efficient touchpoints are also the company's Apps, SMS and the Website. In Appendix 4 – Exhibit 1, a scheme of what PT's UTDO Department interests would be can be seen.

### **Portugal Telecom customer's touchpoint usage**

A survey was developed to gather information on what are the preferred touchpoints on each step of the PT's Customer Journey – represented by the brand MEO. To be able to provide better and targeted conclusions, this work divided the analysis on three types of products and services. First, the process of buying and using an equipment bought in the operator store, such as a smartphone or a tablet. In second place, the subscription of a service, either if it is an aggregated solution such as Television, Fixed Internet and Fixed Telephone or individually subscript. Thirdly and lastly, the subscription of a mobile service.

MEO's equipment buying process starts in-store, where a high number (47%) of our respondents state to gain awareness about a product. Digital Advertising also influences this process, with 36% of the answers, followed by Web browsing (25%). When considering and evaluating a product, MEO's respondents prefer to do it in the company's website (50%). Physical operator and multibrand stores have also a big impact (33% and 14%, respectively). The survey suggests that these same channels are the preferred to actually purchase the equipment, with percentages of 53% and 25%. The website has a minor impact, collecting only 11% of the respondent's answers. After the product is bought, some needs for information or technical problems may arise. In the first case, our MEO's answers state that the website is the preferred touchpoint as 39% of the respondents ranked it in first from six alternatives. If not clarified, they will ask friends or relatives (29%) and then go to the operator's store (14%). If there is a technical problem, the call center or social media/forums are the preferred help (27% of respondents ranked both first), followed by the operators store (23%). The last thing to figure is the way customer's

keep in touch with the brand's latest products and promotions. For MEO and its competitors, SMS is the most effective touchpoint (63% of MEO's respondents receive them). E-mails and Call-Centers (29% for both) are also tools used by PT to reach their customers. When it comes to the process that leads to the subscription and use of internet, TV, telephone or integrated services, the recognition that a solution exists is different from the equipment situation discussed above. Traditional Advertising plays a major role in the three main telecommunications companies in Portugal, collecting 37% of answers for MEO. Browsing the web is also important for the company, with 29% of answers, followed by Word-Of-Mouth (26%). Once people know about the services offered, their consideration and evaluation is similar across the three players. The website is the preferred place to gather information, followed by the Call Center and Operator Stores (53%, 32% and 28% for MEO, respectively). When the decision is made, MEO respondents subscribe preferentially through a Call-Center service (38%). In-store subscription comes in second place with 33% of the answers. Sales force has still a considerable impact (21%). If a customer needs an information in the post-purchase period, the website is the place to go, accordingly to the three players respondents. 45% of MEO's surveyed customers ranked it in first. Call centers were ranked first in 23% of occasions, followed by asking for advice of friends and relatives (15%). If the information needed is technical, in order to resolve a problem, the call-center becomes the MEO's respondents' best friend (80% of first place rankings). Website and consulting social networks or forums come afterword, with 7% and 6% of answers, respectively. The last question to answer concerning this type of services is how the customers are keeping in touch with the brand. Accordingly to MEO's inquired, 50% are receiving information about new products or special offers through call-center, 40% through E-mail and 39% through SMS. Focusing on the subscription of mobile services, MEO's respondents divide their answers between Traditional, Digital Advertising and Call Centers (30% of responses for each) when it comes to creating awareness on

new services. Consideration and Evaluation is made mainly in the website of the company (48%), followed by the operator's store (33%) and Call-Center (19%). The subscription of the mobile service is still done mainly in-store (52%), but Call-Centers are highly used (30%). Sales Force accounts for 11%. Information needed concerning the use of this service are searched firstly in the website (48% of respondents ranked it first out of 6 hypothesis). Fewer respondents consider that the best solution is to contact the Call-Center (26%) or ask for friends and relatives advice (15%). If a technical problem occurs, the Call-Center is again the best solution to MEO's respondents (41%). Other solutions considered are consulting friends and relatives (15%) and going to the physical store (15%). Loyalty, expressed in the communications that the company has with customers in order to provide information about new products, campaigns, events and other relevant content, reaches the three players respondents mainly in the form of SMS (78% for MEO respondents). 33% of MEO's surveyed customers state they receive contacts from the Call-Center and 26% get informed through social networks. A graphical representation of the touchpoint usage along the three main operators Customer Journey can be consulted in Appendix 4 – Exhibits 2, 3 and 4, and the descriptive statistics SPSS outputs can be found in Appendix 5 – Exhibit 1, 4 and 7.

### **Comparison on touchpoint usage between MEO and its main competitors**

After analyzing these preliminary results, a multivariate analysis of variance (MANOVA) was run to assess if differences between operators have statistical relevance, using a confidence level of 95%. The SPSS outputs can be seen in Appendix 5 – Exhibits 2, 3, 5, 6, 8 and 9. The null hypothesis stated that there were no differences in the percentage of use of a predetermined touchpoint, on a predetermined product/service, between MEO, NOS and Vodafone. Once again, the analysis will be divided in three parts: either if the customer's interaction with the company was due to the buying of an equipment, the subscription of an integrated service or a fixed service,



or the subscription of a mobile service. Accordingly to the survey, the touchpoints used to contact MEO or NOS in an equipment buying and usage process are very similar in the pre-purchase and purchase phases. Nevertheless, in the Post-purchase phase, MEO's customers don't resort as often to friends and relatives when asking for information on equipment use (p-value: 0,042), and state to receive a largest share of information on new equipment, special offers and promotions by SMS (p-value: 0,028). When comparing to Vodafone, MEO's customers are knowing about the products more due to digital advertising (p-value: 0,035) and less by recommendations of friends or relatives (p-value: 0,012). No statistical evidence was found in differences on other phases of its Customer Journey. The process of subscribing an integrated solution or a fixed service is similar between MEO and NOS. Nevertheless, two main differences can be found: MEO's customers who responded to our enquiry state to get to know a new service more due to traditional advertising (p-value: 0,047), and are less prone in using the Call Center when they need to obtain an information on the usage of the service (p-value: 0,009). The first statistical evidence to notice when comparing MEO's Customer Journey with Vodafone' customers is the greater use of the call-center from the first in the awareness phase (p-value: 0,001). Nevertheless, the main differences occur in the loyalty and advocacy phase. MEO's respondents answered that they are less likely to receive news about new services in their E-mail inbox or through the operator's Apps (p-values: 0,012 and 0,004, respectively), but receive them more often through the Call Center (p-value: 0,000). In addition, there are few MEO's customers stating not to receive any information (p-value: 0,004). Similarly to other services, in mobile subscriptions MEO creates more awareness due to the Call-Centers than NOS, accordingly to the survey (p-value: 0,001), and less due to Word-of-Mouth (p-value: 0,018). In the post-purchase phase, it is more likely that a MEO' customer contacts the Call Center when asking for an information than a NOS customer (p-value: 0,039). The only differences registered in our survey concerning the touchpoints used in the mobile services subscription

process between MEO and Vodafone are present in the awareness of new products and services. Statistical evidence was found suggesting that the Call Center is a more important tool for MEO (p-value: 0,014), once again in detriment of Word of Mouth (p-value: 0,039). A graphical representation of the main findings considering differences when comparing MEO's touchpoint usage with competitors can be consulted in the Appendix 4 – Exhibit 5.

### **Summarized Results**

At this stage, it is possible to highlight simple conclusions and perform a gap analysis when comparing the findings with PT's strategic aim. The first thing to mention are the dissimilarities that can be found in the awareness of new products and services phase when comparing MEO to competitors, present across equipment, integrated and fixed solutions and mobile services. Additionally, two major trends can be drawn: the excessive use of the Call-Center, mainly in the awareness phase of integrated, fixed and mobile services, and the shorter weight of the Word-of-Mouth in the selling of equipment and mobile services. These two findings can have a negative influence on Portugal Telecom's objectives, since the company is currently studying cost reductions in establishing communications with customers. As present in the literature (Gensler, Leeflang, & Skiera, 2012), offline touchpoints such as the Call-Center bare more costs when compared to online touchpoints, and the Word-of-Mouth can be leveraged as a very efficient and free tool to create awareness for new products/services, induce self-care when a need for information or technical problem arises and create loyalty. Regarding the preliminary analysis performed, based on descriptive statistics, some other conclusions may be drawn: across all types of products/services, E-mail and Social networks do not seem leveraged tools on creating awareness, as they do not appear in the top three touchpoints that respondents state to have contact in this phase. In the consideration and evaluation phases, the same should happen with Social Networks and online browsing, despite it is a positive fact that the operator's website shows a

considerable weight. The online purchase is still showing a moderate adoption, and efforts should be made to increase it. As expected, the Call-Center has a big weight in the Post-Purchase and Loyalty phases. Additionally, E-mail and SMS present positive values to what is the company's strategic aim. In fact, the considerable usage of these two touchpoints led this work to believe that recommendations on touchpoint changes will reach MEO's customers in an effective way when using them as tools. Further, the work will apply best practices and perform recommendations to use E-mail and SMS as vehicles to perform such changes, influencing the actual flow of these processes. These touchpoints will either be used as a direct marketing strategy or as an indirect approach to trigger changes in the touchpoints people are using, so that the whole journey becomes more efficient and effective to PT. Studies show that these strategies combined can increase revenues from 10% to 15%, reduce operational costs by 10% to 20%, while tremendously increasing the customer's experience (NICE Systems, 2015).

## **Recommendations & Best Practices**

The following section is aimed to provide Portugal Telecom valuable and consistent recommendations based on the results presented and best practices found. For organization purposes, these instructions will be divided in five topics and labeled. Please consult Appendix 7 to see a table with the summarized recommendations.

### **Use E-mail to target and acquire new customers (E)**

In order to reduce marketing costs, Portugal Telecom should use E-mail to target and acquire new customers. The documentary analysis performed on 33 types of E-mails found only one type consisting in pre-purchase direct marketing, with the remaining being sent only after at least one purchase (an example of this type of E-mails can be found in Appendix 6 – Exhibit 1). In this stage,

similarly to all the pre-purchase phases of the Customer Journey, SMS marketing strategies are not recommended as mobile phones are considered very personal to the users, and targeting them through this touchpoint may be considered invasive and create a negative brand attitude (MMA, 2014). Nonetheless, exceptions may occur if a person agreed to receive this promotional materials. PT is actually owner of Promo Spot, a platform that allows users to select the contents and companies they wish to receive information, being possible to send contents to persons who have opted-in in receiving company-related material. E-mail recommendations provided for this stage, similarly to the Loyalty phase, are typical recommendations for what a good E-mail should be in terms of creating awareness. The first thing to consider is the deliverability of E-mail, guaranteeing that Portugal Telecom's marketing efforts will reach the receiver's inbox. Having an up to date database is crucial for the sender reputation, a factor that was mentioned by PT's workers in the company's strategic aim section. Nevertheless, some problems may arise when gathering data in the awareness stage, as contacts belong to people that did not purchase any product or equipment. Portugal Telecom is actually using affiliates database (mainly from SAPO) to send this type of communications, a practice that is not recommended since the offerings may not be relevant to the receptors, making people mark it as spam and reduce the sender's reputation, and consequently the deliverability (Econsultancy, 2014). This work recommends that Portugal Telecom targets potential customers at the Consideration and Evaluation stages of their Customer Journey, in order to increase relevance. This strategy may be pursued by acquiring databases related to situations where the services provided by PT may be needed, such as contacts of people looking for new homes on real state agencies or cellphone users that have bought their equipment in more than a certain number of years (E1).

The unsubscribe E-mail functionalities should also be present and visible, so that people that do not find the content relevant can stop receiving these information without marking the E-mail

as spam or creating a negative brand attitude (Econsultancy, 2014). Actually, Portugal Telecom has a small and bottom-located unsubscribe button, a situation that could be improved by replacing it for a more visible button located in the E-mail's header (E2).

First impressions are more important than never, and so the main efforts should focus on the process before a person opens the E-mail. The first details to have in consideration are the sender name, which should be trustworthy and consistent, and a standardized E-mail image to create a strong brand perception. Unwelcoming E-mail contacts, such as noreply@meo.pt, are also not desirable, and a short and relevant subject line with strong keywords is important (E3).

### **Generate Word-of-Mouth to create awareness (W)**

Furthermore, this work's analysis of results suggested that PT was underperforming in terms of Word-of-Mouth in creating awareness for new products and services when compared to competitors, and that Social Networks could also be leveraged for this purpose. Again, the documentary analysis performed showed that MEO sends some E-mails related to contests (see example in Appendix 6 – Exhibit 2), and the analysis suggest that the company would benefit in inducing some viral effect on this type of E-mails, creating campaigns in which the receivers are asked to forward them to their friends or relatives, gather a group of friends or connect to Social Networks to participate. This would create a buzz around the company's offers, leveraging Word-of-Mouth and presenting Social Networks as a tool for people to gather information on new products and services. In this way, marketing efforts on offline channels such as Call Centers could be reduced, along with the costs associated with these touchpoints (W1).

Simultaneously, links to share contents in social networks should be present in all the E-mails sent (Econsultancy, 2014). Despite the fact that the company places hyperlinks into its main social networks, the landing page is the page of the company in the networks and not the option to share contents. These practices can also be valuable in the Consideration and Evaluation stages of the

Customer Journey, as viral content is more likely to target individuals that are accessing the possibility of buying a PT's product or service (W2).

### **Improve the weight of the online selling channel (OS)**

Additionally, the analysis performed suggested that there is room to improve the company's online sales. To do so, some strategies considered best practices should be pursued. Offer discounts in online purchases is a standardized practice to attract customers into online channels, and does not have significant financial impacts since there are fewer costs in selling online (Gensler et al., 2012). This is a practice leveraged by Portugal Telecom, but should be announced in the content of the promotional E-mails sent as a call-to-action, creating in customers a sense of urgency to induce online purchases (OS1).

Triggered E-mails when potential customers do not conclude an online purchase are also vital to this purpose, and our documentary analysis suggests that this is not being done inside the company. Baymard Institute (Baymard Institute, 2015) collected 31 studies concluding that 68,53% of the users that started a purchasing process never finished its payment. To prevent these situations and increase online sales, triggered E-mails should target people who left the purchase process due to technical issues, presenting them support channels, and due to the offer itself, presenting some related discounts and advantages of the product / service. The E-mail should be customized and automatized, have a call-to-action button, and sent after 24 hours of cart-abandonment. If no action occurs, a new mail should be sent within one week of the abandonment (SaleCycle, 2013). Regarding E-mail content, copywriting has also a vital influence and should not be disregarded (OS2).

Offline sales weight should also be decreased by collecting information on customer's in-store, such as E-mail, and sending them incentives on making next purchases online, or even present online up-sell opportunities. Several stores, such as Polo Ralph-Lauren, are placing touch-panels

in the checkout counters to incentive in-store customers to browse new offers and subscribe newsletters, while the store operator is processing the customer's payment. This measure would also have impact on improving Portugal Telecom's database for future marketing campaigns (OS3).

### **Migrate customer support to online channels (CS)**

Concerning post-purchase phases, this work's study committed to include recommendations to reduce Call-Center and store usage when an information is needed or a technical problem arises. Portugal Telecom is performing a good work in this field, having created E-mail and SMS contacts to push customers to digital channels (see examples in Appendix 6 – Exhibit 3, 4 and 5). Nevertheless, some other efforts can be made. Call-center and store operators should collect contacts of people resorting to these touchpoints in a post-purchase phase, sending them an SMS in a case of a mobile service related issue, or a personalized E-mail explaining the advantages of consulting its customer area in the website or in the television device, if it is the case. In this way, people that use offline touchpoints to contact Portugal Telecom can migrate in a friendly way to online channels, obtaining information to resolve their own issues and decreasing the company's costs on customer services (CS1).

MEO is also using Facebook to give support to their customers, using a Support tab and an integrated Forum in the company's pages. Nonetheless, these options are hidden in the "More" section, as explicit in the Appendix 6 – Exhibit 6, and a high number of users can miss these hypothesis. E-mails and SMS should be sent to customers in a post-purchase phase, creating awareness for the opportunities of using social networks and forums as a mean to clarify doubts and resolve technical issues (CS2).

Online billings sent through E-mail are also an opportunity to deliver this information, as they are frequently read, having a higher open-rate. Applying this strategy, Portugal Telecom can reduce

the usage of offline channels such as Call-Centers or the physical stores, highly reducing operational costs (CS3).

### **Leverage Word-of-Mouth in Emails and use SMS to create Loyalty & Advocacy (L)**

Loyalty-based E-mails such as commercial offers and up-sell or cross-sell opportunities should follow the suggestions made for the awareness phase, adding the fact that they also should publicize the operator's apps and social networks that can create loyalty and Word-of-Mouth for the company with residual costs (L1).

Additionally, SMS should be sent in this phase assuming that the company has already received the customer's authorization for this purpose. Nevertheless, and in order not to create a negative brand attitude, an answer mechanism for opt-out should be implemented with response words such as "Sair" or "Cancelar". These conditions should be communicated in the first promotional SMS sent to a customer. Additionally, these SMS should follow some best practices such as being transparent about data consumption rates that may apply if a customer clicks on an embedded link (which is nowadays not being done), make sure the content is relevant and targeted to the viewer, keep the message simple, use calls-to-action and engage in a personalized conversation with customers (not mentioned by PT's Essential Styling Guide – an internal document stating the main communication principles of the company). The content should be kept fresh, developing new ways of interacting with the message and connecting with other touchpoints such as the App or the website to perform Omni-channel strategies (MMA, 2014) (L2).

Once again, contests and promotions where the need to gather friends exists should be leveraged in order to induce Word-of-Mouth at this stage (L3).



## **Limitations and Future Research**

This work focused on channel migration to online touchpoints opportunities in Portugal Telecom, using E-mail and SMS as tools. The first point to emphasize is that all the recommendations suggested should be carefully enforced, since the operational costs of performing these changes were not discussed along this work. Therefore, an analytical study should be made to assess these measures relevance and application strategies. Second, it was clear to see that there are much more opportunities to do these migrations using several other touchpoints, such as the operator's Apps or Social Media. Given this, I believe that Portugal Telecom would benefit from raising an internal discussion on their current Customer Journey, performing a similar analysis with a wider scope and being attentive to their competitors, as this work suggests some differences in their understanding of touchpoint usage. Additionally, there is no guarantee that the documentary analysis performed had in consideration all types of E-mail and SMS sent by the company, as the sample was collected across several sections of the UTDO department and some database may be forgotten by the company. Other limitation found is the way the survey was spread. Social Media may face some limitations since a risk of having a biased sample exists. Furthermore, these networks are frequented by young people that may not be representative of the telecommunications user's universe. Despite the spreading through different E-mail contact networks and another techniques performed to reduce some limitations, this work advices future researches to use additional methods to gather a more representative sample. The last point to highlight goes to the recency of the themes discussed, that are in constant change as technology is evolving at an outstanding pace. Given this, Portugal Telecom should keep actualized on new tools to better serve their customers, as Customer Journeys are everyday a more important competitive advantage that can have a vital importance on a company which is struggling for every bit of its market share.

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